
NEWS

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CANARY ISLANDS TARGET ADDED TO PETRATHERM'S
EXPANDING GLOBAL FOOTPRINT FOR HOT ROCK ENERGY

The volcanic structures of the Canary Islands off the northwest coast of Africa are the latest hot rocks exploration target for leading Australian geothermal energy developer, Petratherm Limited.

ASX-listed Petratherm (ASX code "PTR") announced today that it had secured a geothermal exploration licence on Tenerife – the largest of the seven islands comprising the Canary Islands' archipelago.

"The move into Tenerife represents an opportunity for Petratherm to tap the Islands' super hot volcanic structures at relatively shallow depth," the Company's Managing Director, Mr Terry Kallis, said today.

"Very high temperatures of over 300°C at relatively shallow depths of around two kilometres are often found in active volcanic geological settings analogous to those of the newly acquired Tenerife project area," Mr Kallis said.

"Significantly, Tenerife has substantial transmission infrastructure within close proximity of our Geothermal Exploration Licence (GEL) which would enhance the economics of any development and generate much needed energy capacity in the Canary Islands region," he said.

"The Tenerife Project also provides a major opportunity to service an attractive market that is focused on the development of sustainable energy alternatives to imported fossil fuel sources."

Mr Kallis said Tenerife's expected lower costs and risks from the project's natural volcanic profile was driven by three key factors;

- The process for extraction and conversion of the heat is known and understood, with considerable project development, drilling and plant operation experience and technology readily available around the world.
- Such thermal resources, although typically smaller in overall size/potential than Enhanced Geothermal Systems (EGS), are of very high quality, with naturally formed reservoirs and very high temperatures, greater than 300°C, at depths of around 2 kilometres.

- The Petratherm licence area has been carefully selected after extensive study, so as to be positioned over the location of the most attractive geology for geothermal power generation in proximity to transmission infrastructure.

The new Tenerife target is the third for Petratherm under Spanish jurisdiction – adding to its Madrid and Barcelona projects on mainland Spain acquired early this year.

“Our strategy is to continue a geothermal evaluation program throughout the European Union but with a particular focus on Spain,” Mr Kallis said.

“As a result of this ongoing focus, we do anticipate that our Spanish geothermal portfolio will increase to around seven or eight projects in the near-term.”

The Company – which is expecting to deliver its maiden commercial power supplies from early 2010 at its flagship Paralana EGS project in South Australia’s Flinders Ranges – is also carving a niche hot rock business in China from this year under government granted exclusive terms.

Earlier this week, Petratherm announced that the large Spanish media, property and alternative energy group, Editorial Prensa Iberica Communications (EPI), had taken an initial small stake in the Australian company with a view to becoming a key long-term partner.

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